

**DEPARTMENT OF ADMINISTRATION  
MOTOR VEHICLE INSPECTION/MAINTENANCE PROGRAM  
AGBAR TECHNOLOGIES, INC.**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
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DEPARTMENT OF ADMINISTRATION  
MOTOR VEHICLE INSPECTION/MAINTENANCE PROGRAM  
AGBAR TECHNOLOGIES, INC.

**EXECUTIVE SUMMARY**

The Division of Motor Vehicles (DMV) needs to modify its contract with Agbar Technologies, Inc., to reflect the correct name and address of the contractor as well as to accurately describe the batch size of Test Authorizations required to be purchased from the contractor by each of the Authorized Inspection and Repair Stations. The DMV also needs to clarify its minimum Test Authorizations purchase requirement as delineated in its rules and regulations for the emissions control program filed with the R.I. Secretary of State.

The DMV needs to achieve compatibility of its computer system with the system operated by Agbar Technologies, Inc., in order to enable DMV to determine which motor vehicles have not had their emissions inspected on a timely basis.

Agbar Technologies, Inc., needs to determine the reason(s) for the lack of accountability of 930 of 143,025 Test Authorizations processed during the five-month period ended on November 30, 2002, and if appropriate, ensure that the state's share of the proceeds are properly credited to the state's account.

DEPARTMENT OF ADMINISTRATION  
MOTOR VEHICLE INSPECTION/MAINTENANCE PROGRAM  
AGBAR TECHNOLOGIES, INC.

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One Capitol Hill  
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November 19, 2003

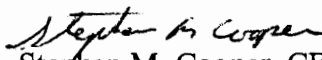
Robert J. Higgins, Director  
Department of Administration  
One Capitol Hill  
Providence, RI 02908

Dear Mr. Higgins:

We have completed a review of Agbar Technologies, Inc., which exercises program management of the state's motor vehicle inspection/maintenance program. Our audit was conducted in accordance with the requirements of Article 13.55 of the contract which grants authorization for the state's audit of Agbar's duties and responsibilities.

The findings and recommendations included herein have been discussed with Agbar's program manager and we have considered his comments in the preparation of our report. While the content of the findings relate to Agbar Technologies performance under its contract with the state, the recommendations contained in our report are directed to either the Department of Administration's Central Business Office or the Division of Motor Vehicles for corrective action. Management's response to our recommendations has been included in this report.

Sincerely,

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pp

pc: R. Gary Clark, Executive Director/Tax Administrator  
Charles Dolan, Administrator, DOA  
Louise Bright, Central Business Office, DOA  
Agbar Technologies, Inc.

## **INTRODUCTION**

DEPARTMENT OF ADMINISTRATION  
MOTOR VEHICLE INSPECTION/MAINTENANCE PROGRAM  
AGBAR TECHNOLOGIES, INC.

**INTRODUCTION**

**Objectives, Scope, and Methodology**

We have conducted a review of Agbar Technologies, Inc., to determine its compliance with the contractual terms and conditions as specified in the attachment to the State's Purchase Order 162431, dated June 30, 1999. Our review was made in accordance with *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and auditing procedures as we considered necessary in the circumstances.

Our objectives were to evaluate the contractor's performance for program management and oversight over the State of Rhode Island's Motor Vehicle Inspection and Maintenance Program [Emissions and Safety Testing Program] on behalf of the Division of Motor Vehicles (DMV) and the degree of accountability exercised over the collection of public funds. Our primary focus was directed to the practices and procedures employed by Agbar Technologies, Inc., in fulfilling its contractual requirements.

To achieve our objectives, we tested cash activity at the Department of Administration and Agbar Technologies, Inc., and reviewed the policies and procedures for the accountability and issuance of test authorizations to the Authorized Inspection and Repair Stations. In addition, we reviewed and analyzed the contractual terms and conditions, as well as applicable state laws and regulations. We also interviewed personnel and tested the effectiveness of the policies and procedures followed to ensure compliance with all of these requirements.

The findings and recommendations included herein have been discussed with Agbar's program manager and we have considered his comments in the preparation of our report. While the content of the findings relates to Agbar Technologies, Inc., performance under its contract with the state, the recommendations contained in our report are directed to either the Department of Administration's Central Business Office or the Division of Motor Vehicles for corrective action. Management's response to the findings and recommendations are included in this report.

**Background**

In 1997, the General Assembly established a decentralized inspection and maintenance program in Rhode Island. In 1998, the Department of Administration's Division of Motor Vehicles issued a Request for Proposal for firms to operate the program. In July 1999, the

Division of Motor Vehicles hired Agbar Technologies, Inc., (formerly Keating Technologies, Inc.)<sup>1</sup> to manage and oversee the inspection and maintenance program, which officially began in January 2000. Some major aspects of the program are:

- Approximately 650,000 motor vehicles are subject to biennial safety and enhanced emissions tests.
- New vehicles are exempt for two years or 24,000 miles -- whichever comes first.
- Motorists whose vehicles fail an emissions test and do not obtain necessary repairs or a waiver will have their vehicle's registration suspended. Starting in 2002, vehicles are denied registration renewals unless they have passed an inspection or received a waiver.
- Waivers are granted on a limited basis under special income circumstances or when repair cost limits are met and a Certified Inspection Repair Technician has performed the work.

Vehicles are tested with a dynamometer and computerized analyzer (referred to as the R12000 System) that more accurately measures mass emissions. The dynamometer is a treadmill-like device that simulates driving conditions for vehicles. Pollutants like oxides of nitrogen that are generated only when the vehicle is running "under load" can now be measured and failing vehicles more accurately diagnosed and repaired. The inspection and maintenance program utilizes a modified safety inspection protocol.

As part of its responsibilities, Agbar Technologies, Inc., [Agbar] supplies and provides service on all the R12000 emission testing systems, develops a database and tracking system, provides program management and inspector training, and develops and implements a public information system. There is no limit to the number of stations that can participate in the Rhode Island Emissions and Safety Testing Program. However, there were only 250 "Contractor-Provided" systems financed by/through Agbar.

Authorized Inspection and Repair Stations (AIRS) collect \$47 per paid test from motorists to cover a full inspection. Of the \$47 paid per test fee, \$16 goes to the State, \$13 goes to Agbar, and \$18 is retained by the AIRS. Stations obtain Test Authorizations (TA's) by entering an order directly through their workstation. This order authorizes Agbar's bank to debit the AIRS' bank account for the number of TA's ordered at \$29 each. TA's are available only in batches of 15, up to a limit of 9 batches (135 TA's) per day. A R12000 System will not complete an inspection unless TA's are purchased in advance.

Within two business days of any day in which TA's are purchased, Agbar is required to transfer from its collection account to the state's account the amount of \$16 for each TA purchased, with the remaining \$13 retained as part of the Contractor's Fee.

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<sup>1</sup> In December 2000 Agbar Automotive purchased from Keating Building Corporation the stock of Keating Technologies, Inc. To reflect the new affiliation, Keating Technologies officially became Agbar Technologies, Inc., on June 15, 2001. According to Keating Technologies, Inc., this is a name change only and all products and services remained the same and all contracts continued to be in full force and effect as originally signed.

## **FINDINGS AND RECOMMENDATIONS**



DEPARTMENT OF ADMINISTRATION  
MOTOR VEHICLE INSPECTION/MAINTENANCE PROGRAM  
AGBAR TECHNOLOGIES, INC.

**FINDINGS AND RECOMMENDATIONS**

**Updating Contractual Requirements for Emissions Control**

**Name Change:** On June 30, 1999, the State of Rhode Island entered into a seven-year contractual arrangement with Keating Technologies, Inc., [Keating] to operate the Department of Administration's Division of Motor Vehicles (DMV) Motor Vehicle Inspection and Maintenance Program (Emissions and Safety Testing Program). In December 2000 Agbar Automotive purchased from Keating Building Corporation the stock of Keating Technologies, Inc. To reflect the new affiliation, Keating Technologies, Inc., officially became Agbar Technologies, Inc., on June 15, 2001. According to Keating Technologies, Inc., this is a name change only and all products and services remained the same and all contracts continued to be in full force and effect as originally signed. However, the Purchase Order issued by the Division of Purchases was not amended to reflect the name change.

**Test Authorizations:** Under the terms of the original contract, Keating would require each Authorized Inspection and Repair Station (AIRS) to purchase in advance a minimum of 75 Test Authorizations [TA's] each month with the unused TA's expiring at the end of the month. That provision was subsequently revised by a change order to the contract dated September 8, 1999, which stipulated that TA's shall be purchased in blocks of 25 and shall not expire. Based on this revision, Keating included the 25 TA's minimum blocks quantity in its program participation agreements entered into with each of the participating AIRS at the outset of the Emissions and Safety Testing Program.

In actuality, TA's have been sold by the Contractor in batches of 15 to all AIRS since at least January 14, 2002. The program manager at Agbar Technologies, Inc., [Agbar] was unable to provide any contractual basis or other justification for changing the TA's from 25 to 15 other than an opinion that the lesser quantity would reduce any financial hardship that could otherwise occur, particularly in the case of the smaller-sized privately owned AIRS. Although its earlier program participation agreements continue to stipulate that those AIRS purchase minimum blocks of 25 TA's, Agbar has reduced that amount to 15 in its more recent program participation agreements.

**Recommendation**

1. DMV should notify the Office of Purchases to modify Purchase Order 162431 to reflect the correct name and address of the current Contractor (Agbar Technologies, Inc.), as well as the minimum TA order requirements.

**Management's Response:** Accepted by DMV.

**Rules and Regulations:** DMV's amended rules and regulations entitled, "Safety and Emissions Control Regulation No. 1 Rhode Island's Motor Vehicle Inspection/Maintenance Program" (MVIMP) were filed on January 11, 2001 with the Secretary of State's Office, and remain current as filed. Article 1.14.1(d) of these rules and regulations stipulates that AIRS must purchase a minimum of 45 inspection authorizations per month. This article further states that if the authorizations are not used, they shall be forfeited. While Article 1.14.1(d) has had no influence on the contractual provisions of Agbar's contract with the state, or with any of that Contractor's program participation agreements with the various participating AIRS, it is unmistakably contradictory to the contractually agreed-to provisions known to, and understood by, all of the parties participating in the MVIMP. Clearly, these rules and regulations require DMV's review and subsequent revision of Article 1.14.1(d).

**Recommendation**

2. DMV should review its rules and regulations for the MVIMP filed with the Secretary of State's Office, and make appropriate adjustments.

**Management's Response:** Accepted by DMV.

**Presentation of Information on Reconciliation Statements**

**Cash Activity:** Agbar provides the state with a reconciliation statement which shows the number of TA's purchased during a particular day by each AIRS and the total amount of funds transferred to the state as a result of these purchases. Most of the purchases included therein represent those for which an electronic transfer of funds is made by Agbar's bank from a bank account established by the AIRS for this purpose. Approximately 18 other AIRS purchase their TA's through a different method that includes billing by Agbar. For example, certain national corporations have policies that do not permit their franchises to establish an account to be debited by an outside party. In other cases, an AIRS would be required to tender a payment in cash or by certified check at the time of purchase when that AIRS has demonstrated through past performance an inability to maintain a sufficient balance in his bank account to be accessed by Agbar. The reconciliation statement provided by Agbar to the state is arranged in sequential order by the AIRS station number, and does not differentiate which type of payment method is used.

For purposes of enhancing the state's oversight of this daily activity, it would be beneficial if Agbar were to separately identify by category of payment, all AIRS which purchase TA's on the reconciliation statements provided to the state.

**Recommendation**

3. CBO should require that Agbar's reconciliation statement list all purchases of TA's by AIRS, by separate categories of payment.

**Management's Response:** Accepted by CBO.

**Revenue Due the State:** Based on its daily reconciliation statement provided to the state, Agbar reported purchases of 1,440 TA's on Tuesday, July 2, 2002 and the transfer of the state's share of these transactions in the amount of \$23,040 (1,440 TA's x \$16) to the state's account on Friday, July 5, 2002. However, Agbar's bank statement does not reflect a withdrawal on July 5, 2002 or on any other date for the July 2, 2002 purchase activity. Although the Department of Administration's Central Business Office (CBO) normally records within its revenue accounts all deposits of funds to the state's account as reported by Agbar, the CBO failed to do so for this one particular transaction; consequently, the non-deposit of \$23,040 went unnoticed because neither the General Treasurer's Office nor CBO were aware of this transaction.

This matter was brought to the attention of Agbar official's and a wire transfer in the amount of \$23,040 was deposited on January 17, 2003.

#### **Recommendation**

4. CBO should ensure the timely recording of deposited state receipts, as reported by Agbar, within its revenue account.

**Management's Response:** Accepted by CBO.

#### **Lack of Compatibility of DMV and Agbar Computer Systems**

The failure of DMV to achieve compatibility of its computer system with the system operated by Agbar has adversely impacted DMV's ability to ensure the timely inspection of all motor vehicles subject to the state's MVIMP. This condition was addressed in our performance audit of DMV (report dated March 2002) and has remained uncorrected.

Chapter 31-47.1 of the R.I. General Laws and the Motor Vehicle Safety and Emissions Control Regulation No.1 issued thereunder, stipulates that no motor vehicle may be registered or any registrations renewed unless a required inspection has been conducted and the vehicle has been found to comply with the requirements of this regulation. Motor Vehicle emissions inspection is defined in RIGL 31-47.1-2 as "a test of the emissions of air contaminants from a motor vehicle and any visual and functional checks related to the emission of air contaminants from a motor vehicle conducted pursuant to this chapter." The emissions inspection requirements apply to all less than 25 years old, light-duty vehicles and light-duty trucks up to and including 8,500 lbs of gross vehicle weight, with certain exemptions from these requirements authorized, most notably any new vehicle which has not reached 24 months after its date of initial purchase or 24,000 miles, whichever occurs first.

DMV, at its Melrose Street location, has the ability to log into Agbar's computer system and generate an "Overdue Retests" report. This report identifies those vehicles having failed an inspection, were either not re-inspected or did not pass a re-inspection within 30 days of the initial inspection, and which did not receive a waiver certificate of the inspection requirements. Based on this report, DMV is able to generate registration suspension notices. However, because DMV does not have the capability of obtaining information on which vehicles have passed inspection, it cannot differentiate those vehicles which simply failed to receive any inspection

under the MVIMP from those vehicles which received and passed an inspection. As a result, DMV cannot readily withhold registration renewal of vehicles which fail to receive an inspection under the MVIMP.

### **Recommendation**

5. DMV should initiate action, using whatever assistance necessary, to expedite the compatibility of its computer system with that operated by Agbar Technologies, Inc.

**Management's Response:** Accepted by DMV.

### **Unaccounted for Test Authorizations [TA's]**

Agbar issues its TA's in batches of 15 in consecutive numerical order sequence regardless of whether the TA's are paid for by the participating AIRS or those that are provided at no cost to DMV's Melrose Street facility and Agbar's testing station. Agbar's records show that for the five-month period beginning on July 1, 2002 and ended on November 30, 2002 that a total of 143,025 TA's had been processed. However, Agbar's daily activity records for this same period of time, including the Melrose Street facility and Agbar's testing station reflect a total of 142,095 TA's issued, or a difference of 930 TA's that are not accounted for. If these 930 TA's had been purchased by the participating AIRS's, the state's share of these purchases would have been \$14,880 [930 x \$16].

At the time of our audit, responsible Agbar personnel were unable to provide any explanation for the "missing" TA numbers other than advising that, upon occasion, ordering AIRS have requested a reduction in the number of batches purchased from Agbar on the same day of the order, but at a later time of the day and prior to the "debiting" of their account by Agbar's bank at the close of business on that day. If and when this were to occur, the serial numbers of the cancelled TA's would not be reissued by Agbar due to the fact that in the normal course of business, subsequent serial numbers would have been used by Agbar on orders placed by other AIRS following that activity. Nonetheless, it was conceded by Agbar that the number of instances involving these kinds of cancellations were relatively few and could not account for most of the 930 TA's in question.

Reconciliation of Test Authorization's [TA's] Issued		
Ending Serial Number November 30, 2002	1,303,720	
Less: Ending Serial Number June 30, 2002	<u>1,160,695</u>	
Total TA's Issued		143,025
Total number of TA's sold as represented by the amount deposited to the state bank account from July 1, 2002 to November 30, 2002	140,625	
<b>Deduct:</b>		
TA's sold at the end of June and deposited to the state bank account in July	-3,135	
<b>Add:</b>		
TA's sold at the end of November and deposited to the state bank account in December	4,245	
TA's transferred to DMV (Melrose St.) and Agbar's testing facility	<u>360</u>	
Total Number of TA's accounted for in the 5 month period ended November 30, 2002		<u>142,095</u>
Total TA's issued over TA's deposited		<u><u>930</u></u>

### **Recommendation**

6. DMV should require Agbar Technologies, Inc., to provide an accounting for the 930 TA's in question, and if appropriate, ensure that the state's share of the proceeds are properly credited to the state's account.

**Management's Response:** Accepted by CBO.

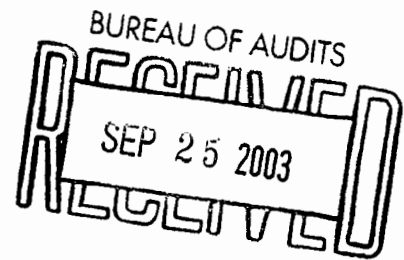
*[Auditor's Comment: On July 17, 2003 the DMV Administrator requested payment for the 930 test authorizations. Agbar Technologies complied with this request and wire transferred the funds to the state's bank account on September 2, 2003.]*

**MANAGEMENT'S RESPONSE TO  
FINDINGS AND RECOMMENDATIONS**



STATE OF RHODE ISLAND  
Department of Administration  
CENTRAL BUSINESS OFFICE

September 16, 2003



Mr. Stephen Cooper  
Chief  
Bureau of Audits  
Department of Administration  
One Capitol Hill  
Providence, RI 02908

Dear Steve:


The Central Business Office received and reviewed the draft findings and recommendations resulting from your audit of Agbar Technologies, Inc. in relation to the Department of Administration Motor Vehicle Inspection/Maintenance program.

Attached are our responses and corrective actions for the recommendations relating to the Central Business Office.

Please give our thanks to the staff of your office who conducted this audit. Their cooperation, patience, and professionalism were greatly appreciated.

If you have any questions or need additional information, please feel free to contact this office at 222-4210.

Sincerely,

  
Louise Bright  
Chief of Business Services

LB/df04-4

Enclosure

cc: Manuel DelSanto

### **Recommendation #3**

CBO should require that Agbar's reconciliation statement list all purchase of TA's by AIRS, by separate categories of payment.

Agbar has initiated the change, present daily reconciliations list both electroic transfer of funds and manual deposits. sample attached.

### **Recommendation #4**

CBO should ensure the timely recording of deposited state receipts, as reported by Agbar, within its revenue account.

Concerning the amount of \$23, 040 which should have been deposited on on June 28, 2002. The same amount of TA's were sold on July 2, 2002 totaling \$23, 040 and two receipts were placed in RISAIL. However, the June 28 deposit was never made and when the receipt posted on July 16, 2002 it noted the June 28, 2002 deposit. CBO will compile a monthly reconciliation with the receipts received by Agbar and the amount of receipts deposited to the state account.

### **Recommendation #6**

RMV should require Agbar Technologies, Inc to provide an accounting for the 930 TA's in question, and if appropriate, ensure that the state's share of the proceeds are properly credited to the state's account.

Per Bill Gibson of Agbar, the 930 TA's were sold by AIRS that did not have electronic transfer. The manual payments were never deposited to the state account. Per Mr. Gibson a communication was sent to Charles Dolan of RMV as to how the funds were to be transferred to the state. He never received a response. I informed Mr. Gibson to make an electronic transfer to the state account and I will initiate a receipt voucher. As of September 3, 2003 Mr. Gibson contacted CBO to confirm that a receipt in the amount of \$14,880 had been wired to the state account. The receipt will be credited to the respective account.



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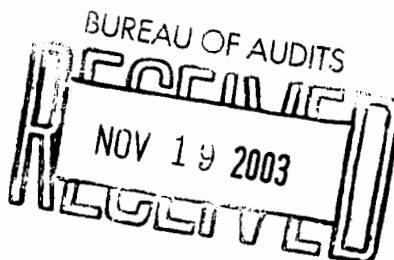
STATE OF RHODE ISLAND  
DIVISION OF MOTOR VEHICLES  
INTER-OFFICE MEMO

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DATE: 11/18/03  
TO: Robert Higgins, Director  
DEPT: Department of Administration  
FROM: Charles F. Dolan, Administrator  
DEPT: Dept. of Admin/DMV  
SUBJECT: Audit of Agbar

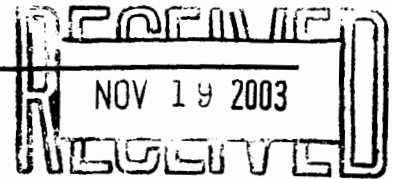
*CD*

As per our discussion with Stephen Cooper, we have added to our responses to recommendations #5 and #6 in the audit report of Agbar. These additions appear in bold print in the report.



STATE OF RHODE ISLAND  
DIVISION OF MOTOR VEHICLES  
INTER-OFFICE MEMO

BUREAU OF AUDITS



DATE: 7/16/03  
TO: Robert Higgins, Director  
DEPT: Department of Administration  
FROM: Charles F. Dolan, Administrator  
DEPT: Division of Motor Vehicles  
SUBJECT: Audit of Agbar

Agbar is the vender that manages the statewide-decentralized vehicle inspection program that includes the Emission Control Program. The Division of Motor Vehicles requested the Bureau of Audits to conduct an audit of Agbar to assure that all funds were properly accounted for. Subsequent to the audit, the Bureau of Audits requested the Division of Motor Vehicles to respond to the recommendations contained in the audit. Our response is as follows:

**RECOMMENDATION #1**

DMV should notify the Office of Purchases to modify Purchase Order 162431 to reflect the correct name and address of the current Contractor (Agbar Technologies, Inc.), as well as the minimum TA order requirements.

**RESPONSE**

The Division of Motor Vehicles has notified Jerome Moynihan, Administrator of Purchasing Systems, Dept. of Administration, of the change in the contractor's name. He wanted the name change information supplied directly by Agbar Technologies on their letterhead along with the filing of a W9 document. This information was relayed to William Gibson, Program Director for Agbar. Mr. Gibson informed us that there will be yet another name change that will take place in August 2003. Agbar Technology will change to Applus+ Technologies. He stated that the management will remain the same. He was advised that once the new name change becomes official to provide this information to Mr. Moynihan on there new letterhead and to also provide the W9.

The Division of Motor Vehicles has also notified Agbar Technologies, Inc. that they are required by contract, and Authorized Inspection and Repair Station's (AIRS) are required by the Program Participation Agreement that they signed with Agbar, to have Test Authorizations (TA's) purchased in blocks of 25 (that do not expire). Mr. Gibson was informed that any recent Program Participation Agreements requiring the purchasing of test authorizations in blocks of 15 must be changed to reflect the 25 TA's that is part of the contract as a result of a change order.

**RECOMMENDATION #2**

DMV should review its rules and regulations for the MVIMP filed with the Secretary of States Office, and make appropriate adjustments.

**RESPONSE**

The Division of Motor Vehicles is currently in the process of revising Rhode Island Motor Vehicle Safety and Emission Control Regulation No.1 and a revision will be made to comply with the audit recommendation. The requirement that AIRS must purchase a minimum of 45 inspection authorizations per month will be deleted and the regulations will no longer be inconsistent with the State/Agbar contract and the Agbar/AIRS Program Participation Agreement.

**RECOMMENDATION #3**

CBO should require that Agbar's reconciliation statement list all purchases of TA's by AIRS, by separate categories of payment.

**RESPONSE**

This recommendation is not under the jurisdiction of the Division of Motor Vehicles and should be referred directly to the CBO. We are willing to provide any necessary information to the CBO when they formulate their response.

**RECOMMENDATION #4**

CBO should ensure the timely recording of deposited state receipts, as reported by Agbar, within its revenue account.

**RESPONSE**

This recommendation is not under the jurisdiction of the Division of Motor Vehicles and should be referred directly to the CBO. We are willing to provide any necessary information to the CBO when they formulate a response.

**RECOMMENDATION #5**

DMV should initiate action, using whatever assistance necessary, to expedite the compatibility of its computer system with that operated by Agbar Technologies, Inc.

**RESPONSE**

The purpose of the registration denial program is to ensure that a vehicle will not be registered if it has not passed a safety and emission control inspection. The delay in implementing this program is not a result of the lack of compatibility of the DMV system compared to Agbar's system, but rather the high percentage of mismatch found when a trial run off is done of the system. We have had a computer program developed for over 1½ years but the data provided by the vendor is unacceptable because of the high percentage of mismatch. For example, a trial run for one month indicated 12,000 mismatches. This means that there is no data on 12,000 of these vehicles. This could have been caused by VIN input

errors made by technicians or the vehicle may have never been inspected resulting in a lack of data on the vehicle. If registration renewals went out on the vehicles with VIN input errors the recipient would be notified that their vehicle needs to be inspected. This would anger many people because their vehicle actually passed inspection but shows up on the nonmatch because an incorrect VIN number was added by the inspection technician. They would be required to show proof of compliance by bringing the vehicle to the Safety and Emission Control Section of DMV. Those vehicles having a lack of data could be vehicles that 1) haven't been inspected or 2) haven't been inspected in a timely manner (expired sticker) or 3) lack data for unknown reasons.

**We recently sent our registration files to Agbar so that they can match their test files with our registration files. Once this is done, we will conduct registration denial on a limited random sampling of registration renewals. Upon the completion of the random sampling, we will review the findings and make recommendations. Conducting the registration denial process on a limited random sampling can be conducted by January 2004.**

We are presently working with the Governor's Fiscal Fitness team to make improvements at DMV. Reduction in lines and waiting time is a top priority. Our caution in proceeding with the registration denial program is that we have to have sufficient confidence in the implementation of a program that works smoothly and with minimum disruption to customers that are registering their vehicles. If mismatches result in thousands of people traveling to the DMV to make inquiries, it would be counterproductive to the goals that we are trying to achieve with the Governor's Fiscal Fitness team.

#### **RECOMMENDATION #6**

DMV should require Agbar Technologies, Inc to provide an accounting for the 930 TA's in question, and if appropriate, ensure that the state's share of the proceeds are properly credited to the state's account.

#### **RESPONSE**

In correspondence dated 7/16/03 the Division of Motor Vehicles notified Agbar Technologies that they must provide an accounting of the 930 TA's in question, and that if the information and/or documentation provided to us does not adequately explain the discrepancy in the TA's, the state expects payment of the state share.

**Agbar contacted us after receiving the letter and it was agreed that they would reimburse the state for the 930 TA's in question. Agbar was advised to contact the CBO to determine how payment would be sent. The CBO received electronic payment in the amount of \$14,880.**

**We were later informed by Agbar that the discrepancy was caused by a systems error. Upon notification of the discrepancy Agbar contacted Systech, the systems software vendor, and it was discovered that AIRS stations, on manual billing, having apostrophe's in their name were not being recognized in the system and the transactions were not sent to the state account. We were informed that the software was corrected and tested with positive results. We have been informed that since the software correction, all transactions have been successfully transferred to the state account.**

To prevent such a problem from reoccurring, Agbar will provide the CBO and the DMV with a monthly report identifying the test authorization number at the beginning of the month and the TA number ending the month. Since they are sequentially numbered and sold in blocks of 15, we will know exactly how many TA's are ordered each month. Agbar has also agreed to provide us with the total TA's ordered each month by 1) AIRS stations 2) Safety and Emission Control 3) AGBAR. The total for these three categories should balance out to the total obtained from the sequentially ordered numbers. If the numbers don't reconcile we become cognizant at that time that there is a discrepancy and can isolate the month and identify the problem.

The first such monthly report will be sent to us in early December 2003 and will be for the month of November.

Cc: Jerome Williams, Executive Director/Operations Officer, D.O.A.

R. Gary Clark, Executive Director/Tax Administrator

Stephen M Cooper, Chief, Bureau of Audits

Elaine Phillips, Assistant Administrator for Motor Vehicle Service DMV

John DiTomasso, Assistant Administrator for Safety and Regulation, DMV

Louis Longo, Chief, Safety and Emission Control, DMV

Kathleen Hagerty, Legal Counsel, DMV